

Huge Beech-Nut plant opens

Business growth cited during ceremonies

By [Edward Munger Jr.](#) June 2, 2010



A look at the new Beech-Nut baby food production plant.

Local, state and federal officials joined principals from Beech-Nut and its Switzerland-based parent company Hero AG on Tuesday to celebrate the completion of the new Beech-Nut manufacturing facility.

“We’ve had a lot of partners on this,” Beech-Nut CEO Jim Schneider told the group of roughly 80 people in a tent outside the \$124 million, 650,000-square-foot facility.

Schneider recounted the company’s recent history and challenges it faced over the past 10 years, including a takeover attempt in 2000 and the massive flooding in 2006 that left six feet of water in the company’s longtime Canajoharie headquarters.

He lauded officials including U.S. Sen. Charles E. Schumer and U.S. Rep. Paul Tonko and thanked local officials and agencies who made it possible, through incentives and other assistance, for Beech-Nut to stay in New York.

“Without this help, we would never be here today,” Schneider said.

The company is seeing a 21 percent increase in its baby food sales volume, a record for the company, and Schneider said a lot of the success is due to employees.

“We’ve got the best associates a CEO could ever have,” Schneider said.

Speakers during Tuesday’s ceremony included Beech-Nut Vice President Edouard Feller; Schumer, D-N.Y.; Tonko, D-Amsterdam; state Assembly Speaker Sheldon Silver, D-Manhattan; state Sen. Hugh T. Farley, R-Niskayuna; Empire State Development Chairman Dennis M. Mullin; Montgomery County Board of Supervisors Chairman Vito Greco; Hero AG majority shareholder Arend Oetker; and Tony Sellars, spokesman for Feed The Children.

Sellars, who spoke at the end of the ceremony, handed Schneider a plaque thanking Beech-Nut for donating more than \$2 million worth of baby food in the aftermath of the earthquake in Haiti.

Sellars said Beech-Nut over the years has given Feed the Children about 10 million pounds of baby food worth roughly \$7 million.

TRANSITION SLOWED

Beech-Nut is now operating out of three facilities: the Canajoharie factory, its cereal plant in Fort Plain and the new manufacturing facility, which officials said is the biggest baby food plant in North America.

The company has about 110 employees working at the Florida plant but nearly 400 others are still in Canajoharie and Fort Plain.

The company’s increase in production is slowing the transition from the old facilities to the new one because workers are trying to keep up with the growth, Schneider said.

He said Beech-Nut’s share in the baby food market has increased from about 14 percent to more than 18 percent in recent years.

The company was aiming to be moved into the Florida plant by the middle of this year, but the final shutdown of the Canajoharie and Fort Plain facilities may not take place until early next year, he said.

The village of Canajoharie still hopes to overcome the hurdle it will face when Beech-Nut leaves and stops using water and generating wastewater — both revenue sources that the village relies on.

“There’s no good news about the old plant,” Canajoharie Mayor Leigh Fuller said. “We wish Beech-Nut all the best in the world, but what about Canajoharie?”

Fuller said the village has already raised water and sewer rates to compensate for lost revenue and he expects they will go up again next year.

Schneider said the company hasn’t found a buyer yet for the Canajoharie facility, but there is a possibility an operation is interested in the smaller Fort Plain cereal plant.

“Our goal is to fill the facility as quickly as we can,” he said.

During his remarks, Tonko said the village will not be forgotten.

“We will not rest until the factory is filled with more jobs,” Tonko said.

WORK FORCE NEARS 500

Altogether, the company listed 491 employees in reporting documents provided to the Montgomery County Industrial Development Agency, according to director Ken Rose.

The agency gathers information as part of monitoring the company’s compliance with a payment in lieu of taxes agreement and state funding provided to support the project.

Beech-Nut nominally pays \$2.5 million each year under the 20-year PILOT agreement, but gets that money back in the form of a rebate from the state up until the 14th year. The town of Florida, Greater Amsterdam School District and Montgomery County aren’t scheduled to receive any PILOT money until 2022, but they are getting a small early taste of the future revenue, sharing a \$275,0000 penalty Beech-Nut had to pay for missing the schedule on one of its PILOT payments in 2009.

The PILOT also contained job-creation requirements, but the company has already exceeded them, according to Rose.

State and federal lawmakers, in remarks Tuesday, outlined the various efforts made to keep Beech-Nut in New York, starting with a 2000 effort by the Heinz Corp. to take over Beech-Nut and leave only a ketchup-packing plant and 30 employees in Canajoharie.

The move would have combined the second- and third-biggest baby food companies but Schumer called for a Federal Trade Commission investigation and the companies ultimately dropped the plans.

Beech-Nut had to slow production in 2007 when the USDA safety inspection program reduced the number of inspectors, but after Schumer stepped in, the issue was resolved by moving the USDA labels to the lid of the baby food jars.

“So we’ve overcome a whole lot of problems,” Schumer said.

STATE ASSISTANCE

Silver said state funding of \$3.85 million to help Beech-Nut recover from equipment damage in the 2006 floods was only the first step in keeping the company in New York.

“It was clear to all of us then that we needed to do much more to keep Beech-Nut viable and competitive,” he said.

The Assembly, Silver said, came up with a \$3 million grant to help offset costs of building the new facility, and the effort helped create 400 construction jobs during the building project.

Another \$1 million from the state Senate helped to pay for upgrades to bring water to the baby food factory at the Florida Business Park, Farley said.

The New York State Energy and Research Development Authority provided a \$1.4 million grant toward energy efficiency at the new plant, money that will be saved in energy in just the first year of production, NYSERDA President and CEO Francis J. Murray said.

Feller said the company has applied for certification in the Leadership in Energy & Environmental Design program as part of its efforts to minimize its impact on the environment.

Various elements of green building went into the project, including the use of natural light and vegetation that doesn't require a lot of maintenance or water.

And compared with its old Canajoharie facility, the company's new factory will save the amount of water used by a city of 10,000 people, according to the company.

Certified sustainable wood, environmentally friendly paints and waste reduction efforts were all part of the construction as well.

“We are constantly looking for ways of reducing our impact on the environment,” Feller said.

New York Empire State Development, which developed incentives including grants and tax breaks, saw the project as a worthy investment with the goal of retaining jobs and growing the work force, Empire State Development Chairman Dennis M. Mullen said.

“We needed this kind of public support, we really needed it,” said Oetker, one of several Hero AG representatives who traveled from Switzerland for Tuesday's event.

Hero AG is an international consumer foods group focusing on fruit and baby food. The company's operations are based in Europe, North America, the Middle East, Africa, Turkey and Central Asia. The group altogether generated more than \$1.73 billion in 2009, according to company literature.